

And one thing that would make it worse is if I came out of here, talking about, okay, Katie, bar the door, let's let spending go back out through the roof and remove all the restraints on it. And I'm not going to do that. The American people still feel the deficit is too high. They still feel that they're taxed too much, and they're right.

So, one way to work in good faith with the American people is say I'm going to do my level-best to stand up against these crazy spending schemes that want to go further and make the deficit worse. And I'm not going to do that.

U.S. Role in the Pacific

Q. There's been a lot of talk about how power in this region, particularly, in the future will not be military; it will be economic. And that there is a perception among Asian nations that the United States is a declining economic power and that you have put too much emphasis on this tour as a panacea

to America's economic ills. How do you answer that?

The President. I answer it by referring to able leaders of ASEAN countries who tell me what it is they'd like to see us do to be more active in Asian markets. I answer it by saying we are a Pacific power, and we're going to stay involved in the Pacific. We have disproportionate responsibilities for security around the world. And I think the Prime Minister would probably agree with that, and we are going to keep those commitments. And I'd leave it on a very broad basis like that.

Note: The President's 116th news conference began at 11:40 a.m. in the courtyard at Istana Palace. In the news conference, the following persons were referred to: Prime Minister Kiichi Miyazawa of Japan and Richard G. Darman, Director of the Office of Management and Budget.

Remarks and a Question-and-Answer Session With the Singapore Lecture Group

January 4, 1992

The President. Thank you, Mr. Minister. To Prime Minister Goh, Senior Minister Lee. I'm delighted to be here, and thank you, sir, for that very kind introduction. Let me take this opportunity to say a few words about these two gentlemen I've just referred to.

Minister Lee, a quarter of a century ago, you led this small island of cultural and ethnic diversity, of limited physical resources, to independence. And then, through your vision and your force of intellect and will, you forged Singapore's nationhood. You stood courageously in a life-and-death struggle against the Communists, and you prevailed. You led your nation and your region in the quest for peace and prosperity. It is my convinced view that future generations will honor the name of Lee Kuan Yew. And as you know well from your visits in my own home in Kennebunkport, Barbara's and mine, I am pleased to know you as

a friend.

Prime Minister Goh, I salute you, sir, for your wisdom, for your vigor in carrying Singapore forward now on its path to the future. I am grateful for the wonderful talks we had this morning, and I pledge America's steadfast friendship as you lead Singapore in facing the challenges of the coming generation. And I'm also pleased that you, like many of your countrymen, came to the United States of America for part of your education. These too are ties that bind us together.

Now, on to the business at hand. It's an honor to deliver this lecture, following such leaders as Brian Mulroney and Helmut Schmidt and Ruud Lubbers, Bob Hawke, Mahathir bin Mohamad, and Valéry Giscard d'Estaing, and such distinguished thinkers as Henry Kissinger and Milton Friedman. Let me acknowledge Professor K.L. Sandhu, director, Institute of Southeast

Asian Studies; A.V. Liventals, the chairman, Mobil Oil Singapore; Lee Hee Seng, deputy chairman and board of trustees, ISEAS; and Dr. Richard Hu, chairman of the Monetary Authority of Singapore and the Finance Minister.

Let me also salute the members of the U.S.-ASEAN Business Council, with whom I just met, who are here with us in this auditorium today.

The addresses in this series reflect the changes in our world. Your first lecturers focused on the ideological and military struggle between socialism and democratic capitalism, and especially between the United States and what we used to call the Soviet Union.

Think of that phrase for just a moment, "what we used to call the Soviet Union." When citizens pulled down the hammer and sickle 10 days ago and hauled up a new tricolor of freedom over the Kremlin, the Soviet Union ceased to exist, and the prospect of a new world opened before us. That act culminated a decade of liberation, a time in which we witnessed the death throes of totalitarianism and the triumph of systems of government devoted to individual liberty, democratic pluralism, free markets, and international engagement.

As this struggle has drawn to a close, these lectures have shifted their focus from military confrontation to matters of economic cooperation. Our new world has little use for old ways of thinking about the roles and relations of nation-states. The cold war categories, North-South, East-West, capitalist-communist, no longer apply. The future simply belongs to nations that can remain on the cutting edge of innovation and information, nations that can develop the genius and harness the aspirations of their own people.

Individuals wield power as never before. An innovator, equipped with ideas and the freedom to turn them into inventions, can change the way we live and think. Governments that strive only to maintain a monopoly of power, rather than to strengthen the freedom of the individual, will fall by the wayside, swept away by the tides of innovation and entrepreneurship.

Liberating technologies—telephones, computers, facsimile machines, satellite

dishes, and other devices that transmit news, information, and culture in ever greater volumes and at ever greater speeds—have disabled the weapons of tyranny. The old world of splintered regions and ideologies has begun to give way to a global village universally committed to the values of individual liberty, democracy, and free trade and universally opposed, I might add, to tyranny and aggression.

If we are to realize the opportunities of this new era, we must address three intertwined challenges: The new requirements of peace and security, the challenge of promoting democracy, and the challenge of generating greater economic growth and prosperity around the world.

Consider first the challenge of peace and security. The world has learned, through two World Wars and most recently, as Senior Minister Lee talked about, through Saddam Hussein's naked aggression, that the dogs of war can be unleashed anytime would-be aggressors doubt the commitment of the powerful to the security of the powerless.

As a nation that straddles two great oceans, a nation tempered by painful wartime experience, the United States remains committed to engagement in the Atlantic community and the Asia-Pacific region, and we are unalterably opposed to isolationism. That's my vow to you, as long as I am President of the United States of America.

A quarter century ago, many feared that free nations would fall like dominoes, remember the domino theory, fall like dominoes to the subversion of communism. Now, we can say with pride and a robust sense of irony that the totalitarian powers, the powers that fomented conflict the world over, have indeed become the dominoes of the 1990's.

This end to the cold war gives the United States an opportunity to restructure its military. Having said that, I want to assure you and all of our many friends in this part of the world that the closing of bases in the Philippines will not spell an end to American engagement. We will maintain a visible, credible presence in the Asia-Pacific region with our forward-deployed forces and through bilateral defense arrangements

with nations of the region.

That is why I'm pleased to announce that this morning we've reached agreement with the Government of Singapore to explore in detail how we can transfer a naval logistics facility from Subic Bay in the Philippines to Singapore in the next year. We appreciate Singapore's far-sighted approach to the security requirements of a new era.

The United States does not maintain our security presence as some act of charity. Your security and your prosperity serve our interests because you can better help build a more stable, more prosperous world. An unstable Asia burdened with repression does not serve our interests, nor does an Asia mired in poverty and despair. We need you as free and productive as you can be, and we understand that our security presence can provide a foundation for our mutual prosperity and shared defense.

But we also need your support in addressing the new threats of this new era, regional conflicts, weapons proliferation. And so, I'm pleased that the ASEAN nations are working with us to craft new and flexible arrangements to ensure the common defense. Access agreements and increased ASEAN-U.S. dialog can help us work cooperatively to promote stability in the whole region. By working cooperatively, we better share the security responsibilities of the post-cold-war era.

Strong, credible security arrangements enabled us to meet the second challenge, the challenge of democracy, a challenge of shared interests and shared ideals. Again, ASEAN is helping to spread positive political change in ways that reflect the values, aspiration, and cultures of the nations in this region. ASEAN is trying to help the former Communist states in Indochina reintegrate themselves in a world that respects free markets and free people. Those efforts are starting to produce very hopeful results.

Just a few weeks ago American diplomats arrived in Phnom Penh for the first time in 16 years. We owe that breakthrough to years of effort by many nations. But the Cambodian peace accord signed by Secretary Baker in Paris last October could not have existed without the help and the cooperation of ASEAN. This historic agreement offers the very real hope of national

reconciliation to the long-suffering people of Cambodia.

And additionally, when the Paris conference agreed on a peace settlement for Cambodia, my Government offered to remove our trade embargo as the United Nations advance mission began to implement the settlement. And today I am pleased to announce the lifting of that embargo. Working with others, we need to turn attention to the economic reconstruction of that deeply wounded land, and so its new political reconciliation has a home from which to grow.

We are now normalizing our ties with Laos and have begun to move with Vietnam along a path marked by implementation of the Paris accords, and for the sake of many, many American families, the satisfactory resolution of our concerns, our deep concerns about POW's and MIA's.

The key point is this: After being strong, determined, and patient, we finally can entertain realistic hopes of building lasting ties of interest and affection with Indochina. Organizations such as ASEAN which promote security, more open political systems, and open markets form the building blocks for what I've called the new world order.

This movement toward democracy leads us to the third challenge for the future, the challenge of economic growth and building a world of open and fair trade.

Everyone agrees that political rivalry and military adventurism threaten international stability. But no one should doubt that economic isolationism, protectionism, can be at least as threatening to world order. The protectionist wars of the twenties and the thirties deepened the Great Depression and set in motion conflicts that hastened the Second World War.

On the other hand, during the past half century, engagement and trade have produced unprecedented peace and prosperity here in Singapore, throughout free Asia, in Europe, and in the United States. This prosperity also has led naturally to democracy, a fact that illustrates the indivisible relationship between security, democracy, and individual liberty.

The United States will remain engaged economically, especially in this part of the

world. The Asian-Pacific region has become the world's economic dynamo. Our trade with Singapore, it's increased tenfold during the past 16 years. We now export more to Singapore than to Italy or Spain, more to Indonesia than to the whole of Eastern Europe. The economies here continue to grow at an astonishing rate while enjoying impressive income equality and general prosperity.

The ASEAN countries, along with other nations in the region, helped initiate the Asia-Pacific Economic Cooperation process 2 years ago, APEC. APEC offers a powerful vehicle for sustaining free, market-based trade, for advancing the cause of regional and global trade liberalization, and for strengthening the cohesion and interdependence of the whole Asia-Pacific region.

Now this is important to us. Most of America's recent economic growth has come from export industries. Each billion dollars' worth of U.S. exports support many thousands of good American jobs.

A delegation of executives from major American businesses, from the automobile industry to computer and electronics firms, to food and energy companies, has joined me in order to express our national commitment to free and fair trade. Our executives will learn more about opportunities here, and they will also work to help other firms compete fairly throughout the world. With us today also are the American Ambassadors to the ASEAN countries. They will be returning to the United States soon to tell American businesses there about the opportunities that exist in ASEAN.

The United States is trying to establish an economic operating framework to facilitate and to encourage these ties. This past October we agreed to a new trade and investment framework agreement with Singapore. And I propose that we complement that agreement by negotiating a bilateral investment treaty. When combined with our global efforts through GATT and our regional initiatives through APEC, this comprehensive approach can enable us to meet the economic challenges of the post-cold-war era.

Americans believe in free and open trade. Nations can achieve astonishing levels of prosperity when they embrace the challenge

of the marketplace. The General Agreement on Tariffs and Trade can play an especially crucial role in expanding freedom's economic frontiers. And that's why on each stop of this important trip I'm calling for urgent action on behalf of the international trading system. I am urging the world's trading nations to join with us in making GATT Director Dunkel's proposed draft agreement the basis for the successful conclusion of the Uruguay round.

While all of us have problems with portions of that draft, none of us can afford to let the progress it represents slip away into the past. Now is the moment for a strong collective response. And I particularly urge the dynamic trading nations of this region to help us to convince all GATT participants to build the momentum to achieve this agreement. A successful conclusion to this Uruguay round can prepare the way for even greater trade liberalization in years to come and greater prosperity for everyone.

GATT ensures that the world will continue moving toward broad economic integration and not toward trade blocs. I don't have to point out to an audience in Singapore, especially an informed audience like this, that there's a huge difference between a free trade zone, an oasis of free trade, and a trade bloc that attempts to hold the rest of the world at bay. We resolutely oppose efforts to create economic fortresses anywhere.

On the other hand, we wholeheartedly endorse free trade agreements. Let me be clear on something. Our North American free trade agreement will beckon all nations to make the best of the resources and opportunities that the United States, Canada, and Mexico have to offer. NAFTA, that North American free trade agreement, is not a threat to Asia. It would not encourage the division of the world into trading blocs. Instead, our increased growth can stimulate more trade with Asia. And we support efforts to build free trade agreements elsewhere, including among the ASEAN nations.

Consider your own experience. A regime of free trade has enabled Singapore to become one of the Four Tigers of Asia and one of the fastest developing nations on

Earth. When other nations' economies falter, you suffer. The worldwide economic slowdown has slowed your rate of economic growth this year, although most nations would be overjoyed to settle for 6-percent growth. I can speak for one. *[Laughter]* Singapore has one of the most open economies on Earth, and I appreciate Singapore's leadership on pressing for even greater market freedom around the world.

But we also need to consider the full import of economic development. An economy is the aggregate of work, ingenuity, and optimism of a nation. The term "economy" encompasses what millions of people do with their lives. And therefore, when we talk about strengthening economies, about growth, about opportunity, we mean much more than signing trade pacts. We mean building better lives for our people.

Americans understand that no nation will prosper long without a first-rate educational system. And I've encouraged Americans to mount a revolution in education. We call it the America 2000 education strategy. America 2000 challenges our citizens to set high standards for their schools. It encourages all Americans to join forces in creating world-class schools. And meanwhile, we will continue to strengthen our university system, we think the world's finest and the host today to over 200,000 students from Asia. Perhaps one may be a future Prime Minister. I am certain she'll be a good one. *[Laughter]* And our APEC educational partnership initiative is seeking to link these educational ties to our mutual economic interests.

Once we have given students basic skills, we must give them the freedom to make the most of the knowledge they have acquired. Tax cuts and deregulation in the 1980's helped unleash the greatest peacetime economic recovery in American history. And while in my country reducing the tax on capital gains is somewhat controversial politically, most of our competitors impose very low taxes on capital gains. Some, like Singapore, don't tax capital gains at all. We can learn from you. We can create a climate even more conducive to risk, to innovation, to the bold exploration of new technologies and ideas, and I'm confident we will.

Beyond that, the nations of the world want to enjoy the blessings of growth without destroying the environment. And we need to achieve environmental protection without denying developing nations the opportunity to develop. The United States has environmental expertise and state-of-the-art environmental technology. The Asian nations have environmental challenges.

I am pleased to announce today that AID, the U.S. Trade Development Program, the Overseas Private Insurance *[Investment]* Corporation, OPIC, and our Ex-Im Bank have developed a creative approach in partnership with this region to better address the challenge of balancing the environmental protection with development. We hope we can coordinate our effort with those of other developed nations through various types of support, including U.S. equipment and technology. This will be good, be good for Asia's environment, good for American jobs.

In conclusion, the nations committed to democracy and free markets have brought the world to a new era, one that promises unprecedented freedom from violence and deprivation. But this world will not simply happen. It will require hard work, tough negotiation, sacrifice, and the courage of our convictions. And if we cast our lot with the forces of enlightenment and freedom over the counsels of defeatism and ignorance, we will build a better world, a world bound by common interests and goals.

Like you, Americans desperately want a world at peace, one in which no blood must be shed for the ideals we all share. So, we will maintain a vigorous security presence in order to prevent despots and tyrants from undermining the triumphs of freedom and democracy.

Like you, Americans want to live in a world enriched and enlivened by international trade in goods, in ideas, in cultures, and in dreams for the future. We want the opportunity to compete aggressively in the international marketplace. And at the same time our consumers want access to the best goods and services that your economies have to offer. We want to live in a world made better by the genius and achievement of every culture. So, we will advance the

prospects for more open trade.

And like you, Americans want a world united and enlightened by freedom and justice, by political pluralism, by the universal commitment to individual liberty and prosperity. So, we will stand fast by our principles and remain confident, strong, and vigilant.

Since 1784, when an American trading ship, the *Empress of China*, sailed for Canton from New York, the United States has tried to build strong ties of commerce with Asia. We remain committed to that vision. And together, the United States and its Asian-Pacific allies can indeed build a world filled with economic tigers, nations growing rapidly, pioneering new intellectual, commercial, and cultural terrain, spreading the blessings of free markets, democracy, and peace. My trip through Asia this week marks a new start. The next step is up to all of us.

Thank you again. And may God bless you, the people of Singapore, people of the United States of America. Thank you all very, very much.

Q. Ladies and gentlemen, we have a tight schedule, threaten to squeeze out the question-and-answer session. We have a very few questions that the President has offered to meet. So, can I ask the questioners to be brief, to the point. State your name, and get to the point quickly, please.

Free and Fair Trade

Q. Mr. President, the trend in closer economic interaction within region, with Europe forging a single market and the U.S., Canada, and Mexico moving towards a North American free trade area, will grow in momentum in the 1990's. How, in your opinion, can we ensure that these trends do not result in inward-looking economic blocs? How can APEC as a body promote greater economic openness and counter these inward-looking trends? Thank you.

The President. One, help us reach a successful conclusion to the GATT round. Therein lies the most important single step that can guarantee against trading blocs. Secondly, accept my word that nothing in the North American free trade agreement wants to contribute to dividing the world into trading blocs, into blocs that shut out

other people's goods. That is not what it's about. If we are successful in the NAFTA, that will increase markets for Asian goods in South America which has been an area that needs economic help.

So, the first answer is, help with GATT, successful conclusion of the Uruguay round. And the second answer is, please understand that NAFTA, and I can only speak for American participation therein, and I'm sure it's true of President Salinas of Mexico and of Brian Mulroney of Canada, have no intention of having that free trade between ourselves be a block to ASEAN goods. Stop worrying about it. That isn't going to happen.

If I could think of a third reason, I'd tell you. [Laughter] But those are the two I've got.

U.S. Role in the Pacific

Q. Mr. President, I believe that most countries in the Asia-Pacific region want to see the U.S. continue to play a major economic and security role in the western Pacific. But many are worried that Japan may become the leader in the economic competition, especially in trade and investments, in the Asia-Pacific region. Will the U.S. respond to this Japanese economic challenge and stay in the competition? However, if Japan eventually becomes the preeminent investor and trader in the region, will the U.S. remain engaged in the economies and the security of the region?

The President. Good question, and the answer is yes. Regardless of what happens, we are going to continue our cooperation in terms of security. That's a given. That's important. It's important, I think, to ASEAN. And I think it's very, very important to my country, to the United States of America.

I'm not as gloomy as the question implied in terms of Japan dominating ASEAN. I would be worried about it if I thought that we would all acquiesce, including Singapore, in a bloc to offset Canada or to offset a perceived trading bloc in Europe. Then I would be concerned about that. But I don't think that is going to be the reality because we are going to forcefully, with our best we can offer in terms of economics and investment and in two-way trade, stay involved in

the area.

If you predicated it by saying, the world will divide into three blocs, do we have any concern about domination from an economic superpower, which is Japan, I'd say you could have some concerns there. But that's not what I see as the reality. And I hope that in some way this trip contributes to the idea that we want to avoid blocs that shut people out and we want to open markets that cause people to come in.

And so, that is the way I look at it right now. But we will stay engaged. I'm looking forward to the part of my trip that takes me to Japan. We have trade problems there. They're aware of it; we're going to talk to them. But it's not going to be exclusively on that. I'm interested, as you know, in creating jobs for Americans through fair trade, through access to markets, through matters of this nature. But we also have a wide array of other considerations that I will be discussing with the very able leaders of Japan. And it might well be that we will talk about the idea that we ought not to see this world divided up into regional blocs.

So, I'll do my best in that regard.

Europe

Q. It was with some irony that I read recently in the observation of Li Peng, Chinese Prime Minister, China's Prime Minister, that in fact, with events surrounding the dissolution of the ex-Soviet empire, events in Yugoslavia, that in fact the single source of threat to your new world order is no longer security in Asia-Pacific but in fact Europe. Your comments, please.

The President. Mike, please elaborate. I didn't see the comment by Li Peng, and I need a little more of what he was talking about. Threat to Europe, in what sense?

Q. In the sense of the threat to the new world order that you referred to earlier, the theater of threat from a sort of geopolitical and military sense is no longer question marks over Asia-Pacific but more question marks over the European theater.

The President. Well, see, I wouldn't agree with the premise that in the past the con-

cern wasn't about the Soviet Union, if that's what he was talking about. The major so-called "superpower confrontation" has been between the United States and the Soviet Union, Soviet Union with its satellites and the United States with its friends and allies. And now, with the dissolution of the Soviet Union, we see that this doesn't exist. That major cold war security threat, if we handle things properly with the emergence of the republics or this Commonwealth, should no longer concern us.

We're going to stay engaged with the republics. We're going to stay engaged with the Commonwealth, helping in every way we can these now-fledgling democracies as they emerge and strengthen their independence. We want to see that there isn't a security threat from that part of the world.

I may be missing what he's getting at, but I just think we have to guard against unpredictability, and thus the security presence will remain in Asia. It may be different than it's been in the past. The whole make-up of the U.S. defenses has been changing, as you know, but we are going to retain, because of unforeseen circumstances and with the welcome of our friends in this area, a security presence here.

So, if the distinguished leader of China was implying that wasn't necessary anymore, fine. That's a good—and I'm confident that China is not seeking external hegemony. There was a time when everybody was much, much more concerned about that. But we'll be here. We'll be around as a stabilizing, reassuring security presence where wanted.

By that, I can't say that we think the only threats to worldwide security might emerge in this area; we don't. But we've had a Pacific presence, and we're going to continue to have a Pacific presence.

Still not sure I got to the point, but anyway, that's the answer.

Note: The President spoke at 12:50 p.m. at the Westin Stamford Hotel in Singapore. A portion of these remarks could not be verified because the tape was incomplete.